

Message Text

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ORIGIN EB-11

INFO OCT-01 EUR-25 EA-11 NEA-10 ISO-00 IO-14 CIAE-00

DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-07 PA-04

RSC-01 PRS-01 SPC-03 SS-20 USIA-15 AID-20 COME-00

FRB-02 TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01

OMB-01 NIC-01 DRC-01 /199 R

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EA/J - MR. HUBBARD

EA/PRCM - MR. ROMBERG

TREASURY - MR. LANGE

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P 292119Z MAR 74

FM SECSTATE WASHDC

TO AMEMBASSY BANGKOK PRIORITY

AMEMBASSY BONN PRIORITY

AMEMBASSY CANBERRA PRIORITY

AMEMBASSY JAKARTA PRIORITY

AMEMBASSY ISLAMABAD PRIORITY

AMEMBASSY KUALA LUMPUR PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY MANILA PRIORITY

AMEMBASSY NEW DELHI PRIORITY

AMEMBASSY OTTAWA PRIORITY

AMEMBASSY SAIGON PRIORITY

AMEMBASSY SEOUL PRIORITY

AMEMBASSY SINGAPORE PRIORITY

AMEMBASSY TOKYO PRIORITY

AMEMBASSY WELLINGTON PRIORITY

INFO AMEMBASSY TAIPEI PRIORITY

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C O N F I D E N T I A L STATE #63632

E.O. 11652: GDS

TAGS: EFIN, TW, CH, ADB

SUBJECT: REPUBLIC OF CHINA AT ADB ANNUAL MEETING

1. USG, REPUBLIC OF CHINA (ROC), AND PRESIDENT INOUE OF ADB HAVE NOT HEARD THAT ANY MEMBER INTENDS TO CHALLENGE PARTICIPATION OF ROC AT ANNUAL MEETING OF ADB IN KUALA LUMPUR UPRIL GWTAWUM PROCEDURAL RULES REQUIRE THAT ITEMS BE PLACED ON AGENDA 30 DAYS BEFORE MEETING; CHINESE REPRESENTATION ITEM HAS NOT BEEN SUBMITTED.

2. AFTER CONSULTATION WITH ROC ABOUT STRATEGY FOR PROTECTING ITS PLACE IN ADB, WE HAVE CONCLUDED THAT IT IS UNNECESSARY TO UNDERTAKE WIDESPREAD DISCUSSIONS. FURTHER, WE BELIEVE THAT TOO MUCH TALK IN ADVANCE OF MEETING COULD STIMULATE CHALLENGE.

3. FOR BANGKOK, BONN, LONDON, MANILA, OTTAWA, SAIGON, KUALA LUMPUR, JAKARTA, SINGAPORE, SEOUL: AGAINST POSSIBILITY THAT SUBJECT WILL NONETHELESS COME UP WITHOUT FORMAL INCLUSION ON AGENDA, YOU SHOULD APPROACH YOUR ALREADY ESTABLISHED CONTACTS IN HOST GOVERNMENT WITH LOW-KEY REMINDER THAT US POSITION ON ROC PARTICIPATION HAS NOT CHANGED SINCE LAST YEAR, LEAVING NO DOUBT ABOUT OUR POSITION:

A. USG STRONGLY SUPPORTS CONTINUED PARTICIPATION OF ROC IN INTERNATIONAL FINANCIAL INSTITUTIONS (IFI'S), INCLUDING ADB.

B. WE HAVE NO INDICATION THAT ROC MEMBERSHIP WILL BE CHALLENGED AT ADB MEETING IN UPRILGM

C. PRC SENT TELEGRAM LAST SEPTEMBER TO IMF AND IBRD DURING ANNUAL MEETINGS AT NAIROBI DEMANDING ROC OUSTER. AGREEMENT WAS REACHED AMONG INTERESTED MEMBERS AT THE MEETING TO KEEP THIS ISSUE FROM ARISING ON THE FLOOR AND TO REFER IT TO THE BOARDS OF DIRECTORS OF THE INSTITUTIONS. SUBSEQUENTLY, THE DIRECTORS AGREED THAT MCNAMARA AND CONFIDENTIAL

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WITTEVEEN WOULD ASK PEKING ITS INTENTIONS ON PARTICIPATION IN THESE INSTITUTIONS. THIS WAS DONE LAST NOVEMBER, AND PEKING HUS NOT RESPONDED TO THESE REQUESTS. IF A CHALLENGE SHOULD ARISE, USG STRONGLY HOPES ADB GOVERNORS WILL FOLLOW IMF/IBRD PRECEDENT AND AVOID FLOOR DISCUSSION OF ISSUE.

D. ADB MANAGEMENT CLEARLY WISHES TO AVOID INTRUSION

OF POLITICAL FACTORS WHICH WOULD INTERFERE WITH OBJECTIVE EXAMINATION OF ECONOMIC AND FINANCIAL ISSUES. WE BELIEVE DEBATE ON ROC PARTICIPATION WOULD INEVITABLY TRIGGER POLEMICAL DISCUSSION WHICH WE CONSIDER INAPPROPRIATE AND POSSIBLY DAMAGING TO A BASICALLY ECONOMIC AND FINANCIAL INSTITUTION SUCH AS ADB. WE WOULD BE PARTICULARLY CONCERNED ABOUT ADDING TO THE LEGISLATIVE PROBLEMS WE ARE ALREADY FACING IN CONGRESS ON ADB AND OTHER IFIS, NOTING THAT SOME CONGRESSMEN HAVE EXPRESSED CONCERN FOR PRESERVING ROC PARTICIPATION IN THESE INSTITUTIONS.

E. ADB PRESIDENT INOUE REGARDS ROC AS MEMBER IN GOOD STANDING AND VIEWS SUBSTANTIAL OUTSTANDING INDEBTEDNESS OF ROC TO BANK AS IMPORTANT FACTOR IN MEMBERSHIP ISSUE.

F. ADB IS NOT BOUND TO FOLLOW ANY DECISIONS OF UN, FROM WHICH IT IS WHOLLY INDEPENDENT.

G. PRC CONTINUES TO SHOW NO INCLINATION TO PARTICIPATE IN IFIS.

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H. US HOPES THAT OTHER GOVERNMENTS SHARE THESE VIEWS. PLEASE REPORT ANY REACTIONS AND ASSESSMENT HOST COUNTRY POSITION ASAP.

4. FOR CANBERRA, ISLAMABAD, NEW DELHI, WELLINGTON: USE ABOVE POINTS IF ASKED ABOUT US POSITION.

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5. FOR TOKYO: TO PREVENT ANY MISUNDERSTANDING OF OUR POSITION BY JAPAN, EMBASSY IS REQUESTED TO COVER ABOVE POINTS WITH FOREIGN OFFICE AND GOJ GOVERNOR OF ADB. YOU
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SHOULD POINT OUT THAT USG CONSIDERS JAPANESE COOPERATION ESSENTIAL TO SUCCESS IN FACING ANY POSSIBLE CHALLENGE TO ROC PARTICIPATION.

6. MANILA FOR USADB: IN CONSULTATIONS WITH BANK MANAGEMENT, US EXECUTIVE DIRECTOR SHOULD DRAW ON ABOVE POINTS. WITH RESPECT TO OTHER EXECUTIVE DIRECTORS, WE DO NOT CONSIDER IT ESSENTIAL, BUT YOU MAY DRAW ON ABOVE POINTS AS APPROPRIATE WITH OTHER EXECUTIVE DIRECTORS IF YOU CONSIDER IT WOULD BE USEFUL TO OUR OBJECTIVE. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEMBERSHIP, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 29 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE063632
Document Source: CORE
Document Unique ID: 00
Drafter: REBENEDICK:SL
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740070-0128
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974033/aaaaacjv.tel
Line Count: 164
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 15 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 APR 2002 by boyleja>; APPROVED <18 JUL 2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: REPUBLIC OF CHINA AT ADB ANNUAL MEETING
TAGS: EFIN, TW, CH, US, ADB
To: BANGKOK MULTIPLE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005